

Delegation of the Russian Federation

**STATEMENT BY MR. ALEXANDER LUKASHEVICH,
PERMANENT REPRESENTATIVE OF THE RUSSIAN FEDERATION,
AT THE 1191st MEETING OF THE
OSCE PERMANENT COUNCIL**

5 July 2018

On the OSCE Financial Report for 2017

Mr. Chairperson,

We have carefully studied the report on the OSCE's financial activities in 2017, which was prepared by representatives of the Court of Audit of Spain which is acting as our Organization's External Auditor. We have also studied the OSCE Audit Committee's report, which was presented by its chairperson Mr. Batbayar Badamdorj (former Deputy Auditor General of Mongolia).

We are grateful to the auditors for their careful work. We are pleased to see that the audit found no serious violations of the financial procedures, the accounting system or the OSCE Financial Regulations.

In general, we regard the work of the audit bodies as an important instrument for increasing the effectiveness and ensuring the transparency of the activities of all of the OSCE institutions and field operations. In that connection, we support a number of the auditors' recommendations aimed at improving reporting on the resources used, including extrabudgetary funds.

We have taken note of the Audit Committee's remark about the OSCE's "decentralized" organization, based on "largely independent" executive structures, which "is not common in the international community". Obviously, the solution to this problem is directly contingent on the OSCE's transformation into a fully fledged international organization. This is possible only by elaborating and adopting an OSCE constituent document that defines the structure and powers of both the decision-making bodies and the executive structures. A section on the Organization's financing could be one of the provisions of such a document, which would increase the effectiveness of the use of all its resources, both budgetary and extrabudgetary. We are grateful to the Audit Committee for the additional clarifications on this matter.

We have also studied in detail the report by the OSCE Secretariat's Office of Internal Oversight, which makes a significant contribution to ensuring the effective work of all of the

OSCE executive structures. We note the large number of internal audit examinations of field operations and also of the Office of the OSCE Representative on Freedom of the Media. Internal reports and recommendations were prepared on the basis of these audits. It is important to provide all participating States and, above all, the Advisory Committee on Management and Finance (ACMF) with detailed information on their contents. We suggest that the Secretariat consider amending the mandate of the Office of Internal Oversight so that it can inform the ACMF on the results of such audits on a regular basis. We firmly believe that this will help to increase the effectiveness and transparency of the work of all of the OSCE executive structures.

Thank you for your attention.